GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industrial Promotion- Incentives for setting up of New Industrial Enterprises in Andhra Pradesh-Industrial Investment Promotion Policy (IIPP) 2010-15 – Operational Guidelines for implementing the Policy- Issued-- Amendment – Orders -Issued.

INDUSTRIES AND COMMERCE (POLICY AND INVESTMENT) DEPARTMENT

G.O.MS.No. 66 Dated: 10-05-2016

Read the following

1. G.O.Ms. No. 42, Ind. & Com (IP) Dept, Dated. 5-5-2011.
2. From the Director of Industries, Single file No.30/01/2015/0959, dt: nil.

ORDER:

In the G.O. 1st read above, Government have issued Operational Guidelines for implementation of the Industrial Investment Promotion Policy 2010-15.

2. In the reference 2nd read above, the Director of Industries, Andhra Pradesh, Hyderabad has requested the Government to issue certain amendments to the operational guidelines of Industrial Investment Promotion Policy 2010-15 in order to process the claim application of the Small and Medium Enterprises at District level.

3. Government after careful examination of the proposal of Director of Industries, Andhra Pradesh, Hyderabad Government hereby amend the operational guidelines for the Industrial Investment Promotion Policy (IIPP) 2010-15 issued vide G.O.Ms. No. 42 Ind. & Com (IP) Dept, Dated. 05-05-2011 as follows:

AMENDMENTS

For	Read as
Para 5.1.5 Stamp Duty: The above incentive shall be admissible to eligible Enterprises on the land area upto five times of the plinth area of the factory building constructed within the approved project cost. However, in respect of industries where the open land requirements would be larger due to the specific nature of industry, SLC may consider allowing land in excess of five times plinth area on case to case basis.	The above incentive shall be admissible to eligible units on the land area upto five times of the plinth area of the factory building constructed within the approved project cost. In respect of Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature of industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries & Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis.***
Para 5.2.5 Land cost: The above benefits shall be admissible upto five times of the plinth area of the factory building constructed within the approved	The above benefits shall be admissible upto five times of the plinth area of the factory building constructed within the approved project cost. However, in respect of

project cost. However, in respect of industries where the open land requirements would be larger due to the specific nature of industry, SLC may consider allowing land in excess of five times plinth area on case to case basis.	Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature of industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries & Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis***
Para 5.3.4 Land conversion charges: The above incentive shall be admissible to eligible Enterprises on the land area upto five times of the plinth area of the factory building constructed. However, in respect of industries where the open land requirements would be larger due to the specific nature of industry, SLC may consider allowing land in excess of five times plinth area on case to case basis.	The above benefits shall be admissible upto five times of the plinth area of the factory building constructed within the approved project cost. However, in respect of Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature of industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries & Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis.***
Para 6.3.10.0 **Land cost for SC/ST:** The above incentive shall be admissible to eligible Enterprises on the land area upto five times of the plinth area of the factory building constructed. However, in respect of industries where the open land requirements would be larger due to the specific nature of industry, SLC may consider allowing land in excess of five times plinth area on case to case basis.	The above benefits shall be admissible upto five times of the plinth area of the factory building constructed within the approved project cost. However, in respect of Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature of industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries & Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis.***
Para 6.6.7.0 Advance Subsidy: The General Manager, District Industries Centre will recommend the applications after placing before the District Investment Promotion Committee (DIPC) to the Commissioner of Industries with his specific remarks/recommendation on the proposed sanction of Investment	The General Manager, District Industries Centre will recommend ***the incentive claim applications of large industries*** after placing before the District Investment Promotion Committee (DIPC) to the Commissioner of Industries with his specific remarks / recommendation on the proposed sanction of Investment Subsidy prior to Date of

Subsidy prior to Date of commencement of Commercial Production (DCP).	commencement of Commercial Production (DCP).
Para 8.1.1 Computation of fixed capital investment: Cost of land required for the successful working of the new industrial enterprise would normally be computed by considering value of five times the plinth area of the factory building constructed and not exceeding the approved project cost. However, in respect of enterprises/industries where the open land requirements would be large due to the specific nature industry, SLC may consider allowing land in excess of 5 times of plinth area on case to case basis. However cost of site leveling, clearance, laying of roads, etc. will not be considered for capital cost.	Cost of land required for the successful working of the new industrial unit would normally be computed by considering value of five times the plinth area of the factory building constructed and not exceeding the approved project cost. However, in respect of Micro, Small & Medium Enterprises where the open land requirements would be large due to the peculiar nature industry, ***DLC / DIPC may consider allowing land in excess of 5 times plinth area on case to case basis. In respect of Large Industries and Mega Projects, the General Manager should submit the proposal to the Commissioner of Industries for taking decision by the SLC on case to case basis***. However cost of site levelling, clearance, laying of roads, etc. will not be considered for capital cost.
Para 11.0 Change of Management: The Industrial Enterprise that availed incentives/concessions should obtain the No Objection Certificate (NOC) from the financing institutions concerned in respect of aided Enterprise/industry and Certificate of incorporation from Registrar of Companies (ROC) within the first six (6) years from the date of Commencement of Commercial Production, before seeking the approval of State Level Committee for any change of the constitution/ Management/ name & style of the Industrial Enterprise	The Industrial units that availed incentives/concessions should obtain the No Objection Certificate from the concerned financing institutions in respect of aided units before seeking the approval of **DLC / DIPC** for any change of the constitution / Management / name & style of the **Micro, Small and Medium Enterprises** within the first six (6) years from the date of commencement of Commercial production. ***In respect of Large Industries & Mega Projects, the General Manager, DIC should submit the proposals to Commissioner of Industries for any change of the constitution / Management/name & style of the unit within the first six (6) years from the date of commencement of Commercial production***
Para 12.0 Lease of Enterprise: In case of the Industrial Enterprise that availed incentives/concessions whose management is not able to run the Enterprise/Industry and intent to lease out to other management within the first six (6) years from the date of Commencement of Commercial Production should obtain the No Objection Certificate (NOC) from the	In case of the Industrial Enterprise that availed incentives/concessions whose management is not able to run the Enterprise/Industry and intent to lease out to other management within the first six (6) years from the date of Commencement of Commercial Production should obtain the No Objection Certificate (NOC) from the financing institutions concerned in

financing institutions concerned in respect of aided Enterprise/industry before seeking the approval of State Level Committee.	respect of aided Enterprise / industry before seeking the approval of ***District Level Committee in respect of Micro, Small and Medium Enterprise and State Level Committee in respect of Large Industry & Mega Projects..***
Para 13.1 Change of location for aided units: Any Micro/Small Enterprises proposing to shift their Enterprises within the District, they should obtain No Objection Certificate from the financing institutions concerned in respect of aided Enterprises / industries before seeking the approval of District Level Committee concerned. In case of shifting of any industrial enterprise outside the District, they should obtain prior approval of the financing institutions concerned in respect of aided Enterprises / industries before seeking the approval of State Level Committee. In respect of Medium Enterprises & Large industries proposing to shift within the District or outside the District should obtain prior approval of financing institution if it is aided and then approach Commissioner of Industries for permission of the State Level Committee. Shifting of Enterprise / industry outside the State is not allowed.	Any Micro, Small and Medium unit proposing to shift their units within the District, they should obtain No Objection Certificate from the concerned financing institutions in respect of aided units before seeking the approval of Concerned General Manager, District Industries Centre. In case of shifting of any industrial unit outside the District, they should obtain prior approval of the concerned financing institutions in respect of aided units before seeking the approval of Commissioner of Industries. In respect of Large Industries & Mega Projects proposing to shift within the District or outside the District should obtain prior approval of financing institution if it is aided and than approach Commissioner of Industries for permission. Shifting of unit to outside the State is not allowed.
Para 13.2 Change of location for self financed units: In respect of Self Financed Enterprises/industries: In respect of Micro/Small Enterprises proposing to shift their Enterprises within the District, they should obtain prior approval of District Level Committee Concerned. In case of shifting of any industrial enterprise outside the District they should obtain prior approval of State Level Committee through the General Manager, District Industries Centre Concerned. In respect of Medium Enterprise and Large industry (unaided or Self Financed) proposing to shift their enterprise/industry either within the District or outside the District, should obtain prior permission from State Level Committee. Shifting of enterprise/industry outside the State is	In respect of **Micro, Small and Medium units** proposing to shift their units within the District, they should obtain prior approval of Concerned General Manager, District Industries Centre. In case of shifting of any industrial unit outside the District they should obtain prior approval of Commissioner of Industries through the Concerned Chairman of DLC/DIPC & District Collector. In respect of Large Industries and Mega Projects (unaided or Self Financed) proposing to shift their unit either within the District or outside the District, should obtain prior permission from Commissioner of Industries. Shifting of unit to a place outside the State is not allowed.

not allowed.	
Para 14.1 Merger/Amalgamation: Prior approval of the State Level Committee is necessary for any merger/amalgamation of Enterprises/ industries. The Public and Private Limited Companies seeking merger/amalgamation of their group of companies shall submit an application to Commissioner of Industries through General Manager, District Industries Centre concerned along with the necessary orders of appropriate forum under Companies Act, NOC from the Financing Institution, amended LI/IL/IEM and Incorporation Certificate from the Registrar of Companies.	Prior approval of the State Level Committee (**SLC)** is necessary for any merger/amalgamation of **of Micro, Small and Medium Enterprises**. The Public and Private Limited Companies **of large industries & Mega Projects** seeking merger / amalgamation of their group of companies shall submit an application to Commissioner of Industries along with Judgement of the Hon'ble High Court in Company Petition along with NOC from the Financing Institution, Amended LI/IL/IEM and Incorporation Certificate from the Registrar of Companies.
Para 15.0 Change of line of activity / inclusion of Additional line of activities: If an enterprise/industry starts manufacturing new eligible items without any additional machinery or equipment, with the same plant & machinery, then such items shall be permitted for availing sale tax reimbursement within the period of five (5) years from the Date of Commencement of Commercial Production of the original product. They should obtain prior approval of the State Level Committee before taking up production of such new items.	If an unit starts manufacturing new eligible items without any additional machinery or equipment, with the same plant & machinery, then such items shall be permitted for availing sale tax reimbursement within the overall eligibility fixed for the unit. They should obtain prior approval of the DLC / DIPC in respect of Micro, Small and Medium Enterprises and State Level Committee in respect of large industries & Mega Projects before taking up production of such new items respectively.
Para 16.0 Break-in-production: The Industrial Enterprises obtaining incentives should be in continuous production for a period of six (6) years from the Date of Commencement of Commercial Production failing which all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery. In this regard, the General Manager, District Industries Centre concerned should monitor the progress of these Enterprises and submit report to the Commissioner of Industries on half-yearly basis. Break-in-production upto a period of three (3) years due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by State Level Committee (SLC) on merits. Any	The Industrial units obtaining incentives should be in continuous production for a period of six (6) years from the Date of Commencement of Commercial Production failing which all incentives/concessions sanctioned are liable to be cancelled and the incentives/concessions already availed are liable for recovery. Break-in-production upto a period of one (1) year due to the reasons beyond its control such as shortage of raw-materials, power and change of management, etc. may be condoned by DLC / DIPC **in respect of Micro, Small and Medium Enterprises and** State Level Committee (SLC) **in respect of Large Industries & Mega Projects**, it felt that the reasons are justifiable. Any break-in-production beyond 12 months, will result in

break-in-production beyond three (3) years will result in extending the six (6) years continuous production condition by the period of such break.	extending the six (6) years continuous production condition by the period of such break.
Para 21.2 Self Financed units: The Multi Disciplinary Committee at district level shall inspect the Industrial Enterprises with investment on Plant & Machinery upto Rs. 1.00 Crore with the following members:	The Multi Disciplinary Committee at district level shall inspect **all Micro, Small and Medium Enterprises.**
Para 21.3 Self Financed units: The Standing Scrutiny Committee (SSC) shall inspect the Industrial Enterprises with investment on Plant & Machinery over and above of Rs.1.00 Crore with the following members: (i) Commercial Tax Officer concerned (CTO) from Commercial Taxes Department; (ii) General Manager, APSFC of concerned District; and (iii) Additional Director from Industries Department – Member Convenor	The Standing Scrutiny Committee (SSC) **shall inspect all large industries & Mega Projects** with the following members as the case may be: (i) Commercial Tax Officer concerned (CTO) from Commercial Taxes Department; (ii) General Manager, APSFC of concerned District; and (iii) Additional Director from Industries Department – Member Convenor
Para 21.4.1 SLC: The above Committee shall scrutinize and sanction the claims of Enterprises / Industries involving eligible fixed capital investment on plant & machinery above Rs.25.00 lakhs.	The above Committee shall scrutinize and sanction the claim of all **Large Industries & Mega Projects**
Para 21.5.17 DLC: The above Committee shall scrutinise and sanction the claims of the Micro Enterprises (as defined by the Government of India from time to time) of the District concerned involving cost of plant & machinery not exceed Rs. 25.00 lakhs (including the original investment in case of expansions and diversifications).	The above Committee shall scrutinise and sanction the claim of the units of the concerned District involving eligible fixed capital investment of **all Micro, Small and Medium Enterprises** (including the original investment in case of expansions, modernisations and diversifications).

2. The Director of Industries, Andhra Pradesh, Hyderabad shall take necessary action.

3. This order issues with the concurrence of Finance Department vide their U.O. No. 0034/03/FMU-Rev-IC/A2/2016, dt: 28.03.2016.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.S. RAWAT
SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, A.P., Hyderabad.
The Vice Chairman & Managing Director, APIIC, Hyderabad
The VC & Managing Director,, APIDC, Hyderabad.
The Managing Director, Andhra Pradesh State Finance Corporation,

All District Collectors in the State.
Copy to:
The Finance .(FMU-Rev-IC) Department/
The Revenue (CT/LA/Registration) Department.
The Water Resources (Reforms) Department/
The Energy Department.
The LET & F (Employment) Department./
The Law Department.
The Social Welfare Dept./
The Y.A. &T.C. Dept.
The Accountant General, Andhra Pradesh, Hyderabad
All General Managers, District Industries Centre through Director of Industries, Hyderabad.
The Convener, State Level Banker's Committee, Andhra Bank Head Office, Secretariat Road, Saifabad, Hyderabad - 500 004.
The General Manager, Small Industry Development Bank of India, (SIDBI), Hyderabad.
The Pay and Accounts Officer, Hyderabad/
The Director of Treasuries and Accounts, Hyderabad.
The P.S. to Prl. Secretary to Chief Minister.
The P.S. to Chief Secretary to Government
The P.S. to Secretary to Government ^& CIP.,
File No. 16776/P&I/A1/2015
SF/SC .

//FORWARDED :: BY ORDER//

SECTION OFFICER